

Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06

AGRE-00 CEA-01 FRB-03 H-02 INT-05 L-03 LAB-04 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00

USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 AF-08 ARA-06

EUR-12 NEA-10 IO-13 OIC-02 ACDA-07 /154 W

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R 040813Z OCT 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1060

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E. O. 11652: N/A

TAGS: EWWT, RP

SUBJECT: SHIPPING: PRESIDENTIAL DECREE NO. 962

REF: MANILA 11252, STATE 241663, MANILA A-75 OF 3/16/76

SUMMARY: WE SEE NO CONNECTION BETWEEN PD 962 AND THE SOVIET PROPOSAL FOR A JOINT VENTURE WITH THE PHILIPPINE NATIONAL LINES. BOTH THE SOVIET PROPOSAL AND PNL ARE DESIGNED TO CARRY BULK CARGOES, BASICALLY SUGAR EASTBOUND AND GOP/NGA GRAINS WESTBOUND. END SUMMARY.

1. WE DO NOT SEE ANY CONNECTION BETWEEN PRESIDENTIAL DECREE NO. 962 AND THE VARIOUS PROPOSALS FOR A JOINT VENTURE BETWEEN THE PHILIPPINE NATIONAL LINES AND THE SOVIETS. PD 962 WAS SUPPOSED TO HAVE REMOVED THE OBVIOUSLY DISCRIMINATORY ASPECTS OF PD 894 BUT SIMPLY CHANGED THE WORDS "SHIPPING LINES" TO "VESSELS." THAT SUCH A DECREE WAS ISSUED ATTESTS TO THE POLICY DIFFERENCES WITH-
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IN THE GOP AS TO HOW TO HANDLE THE JAPANESE AND OTHER PRO-

TESTS, INCLUDING DOMESTIC IMPORTERS AND EXPORTERS, ABOUT PD 894. AN INTERAGENCY COMMITTEE CHAIRED BY NEDA IS STILL GRAPPLING WITH THE PROBLEM. WE HAVE NO FURTHER EXPLANATION IN ADDITION TO WHAT WAS GIVEN IN MANILA 11252.

2. WE AGREE WITH THE DEPARTMENT THAT PD 962 WOULD MAKE IT MORE DIFFICULT FOR FOREIGN VESSELS TO BENEFIT FROM PD 894. SUCH VESSELS WOULD HAVE TO BE CHARTERED FOR LONG TERM AND THEN RE-REGISTERED UNDER PHILIPPINE REGISTRY. IT MAY BE NOTED THAT GOP HAS PERMITTED PHILIPPINE REGISTRATION OF CHARTERED VESSELS FOR USE IN COASTAL TRADE. THIS IS TO PERMIT KAWASAKI TO BRING IN ITS TUGS AND BARGES FOR THE IRON ORE SINTERING PROJECT. SEE MANILA 11688 OF AUGUST 22, 1975. OTHERWISE THERE HAS BEEN NO OTHER SUCH REGISTRATION (SEE PARA THREE BELOW).

2. MANILA A-75 REPORTED ON ITS CREATION AND THE RATIONALE BEHIND THE CREATION OF PHILIPPINE NATIONAL LINES. PNL IS DESIGNED TO CARRY BULK CARGOS, BASICALLY SUGAR TO THE UNITED STATES AND RETURNING WITH GRAINS FOR THE GOP NATIONAL GRAINS AUTHORITY. THIS IS CORROBORATED IN THE ARTICLES ATTACHED TO STATE A-4353.

3. PNL IS STILL TO BE ORGANIZED. SINCE MONEY IS TIGHT, PNL (AND THE MARITIME INDUSTRY AUTHORITY WHICH IS ITS PROGENITOR) ARE CONSIDERING THE CHARTERING OF VESSELS ON LONG-TERM LEASES AND REGISTERING THEM UNDER THE PHILIPPINE FLAG. INTERESTINGLY, NO FOREIGN OWNER IS WILLING TO CHARTER TO THE PHILIPPINES SINCE "INCOME DERIVED FROM PHILIPPINE SOURCES" IS SUBJECT TO A 35 PERCENT WITHHOLDING TAX. THE GOP BUREAU OF INTERNAL REVENUE IS ADAMANT ABOUT COLLECTING ITS 35 PERCENT, SAYS MARINA DEPUTY ADMINISTRATOR VIC BASCO. THAT WOULD MAKE CHARTERING TO THE PHILIPPINES UNPROFITABLE FOR THE FOREIGN SHIPOWNER.

4. MARINA IS CONSIDERING SINGLE VOYAGE CHARTERING IN ORDER TO GET AROUND BIR'S 35 PERCENT CLAIM, BUT IT REMAINS TO BE SEEN AS TO HOW COOPERATIVE BIR WOULD LIMITED OFFICIAL USE

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5. IN THE MEANTIME, SOVIET PROPOSALS FOR A JOINT VENTURE HAVE BEEN LISTENED TO BUT NOT ACTED UPON. SO FAR, THE SOVIETS HAVE MANAGED TO SELL ONLY ONE USED HYDROFOIL BOAT TO A LOCAL COMPANY FOR FERRYING TOURISTS TO AND FROM BATAAN/CORREGIDOR. THE SAME COMPANY SUBSEQUENTLY BOUGHT TWO BRITISH HOVERCRAFT,

TRADING I THE SOVIET HYDROFOIL.
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Message Attributes

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